



General Assembly

Amendment

February Session, 2012

LCO No. 3812

HB0510603812HD0

Offered by:

REP. BERGER, 73rd Dist.

REP. BUTLER, 72nd Dist.

To: Subst. House Bill No. 5106

File No. 206

Cal. No. 174

**"AN ACT CONCERNING THE PRIVATE RENTAL INVESTMENT
MORTGAGE AND EQUITY PROGRAM."**

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. Section 8-400 of the general statutes is repealed and the
4 following is substituted in lieu thereof (*Effective July 1, 2012*):

5 As used in sections 8-400 to 8-405, inclusive, as amended by this act:

6 (1) "Authority" means the Connecticut Housing Finance Authority
7 as created under section 8-244;

8 (2) "Developer", "mortgagor" or "eligible mortgagor" means (A) a
9 nonprofit corporation incorporated pursuant to chapter 602 or any
10 predecessor statutes thereto, having as one of its purposes the
11 construction, rehabilitation, ownership or operation of housing, and
12 having articles of incorporation approved by the authority in
13 accordance with the provisions of chapter 134; (B) any business

14 corporation incorporated pursuant to chapter 601 or any predecessor
15 statutes thereto, having as one of its purposes the construction,
16 rehabilitation, ownership or operation of housing, and having articles
17 of incorporation approved by the authority in accordance with the
18 provisions of said chapter 134; (C) any limited liability company,
19 partnership, limited partnership, joint venture, sole proprietorship,
20 trust or association having as one of its purposes the construction,
21 rehabilitation, ownership or operation of housing, and having basic
22 documents of organization approved by the authority in accordance
23 with the provisions of said chapter 134; or (D) a family or persons
24 approved by the authority as qualified to own, construct, rehabilitate,
25 manage and maintain housing under a mortgage loan made or insured
26 by the authority under the provisions of said chapter 134 and under an
27 agreement entered into pursuant to the provisions of sections 8-400 to
28 8-405, inclusive, as amended by this act;

29 (3) "Housing", "housing project", "development" or "project" means
30 any undertaking having as its principal purpose the construction or
31 substantial rehabilitation of safe and adequate housing and related
32 facilities for low and moderate income families and persons, including
33 housing that provides dwelling accommodations in addition to the
34 primary purpose of providing dwelling accommodations for low and
35 moderate income families and persons;

36 (4) "Related facilities" means retail, commercial, office, health,
37 administrative, recreational, community and service facilities
38 incidental to housing as determined by the authority;

39 (5) "Rent" means the charges, excluding security deposits, paid to a
40 landlord for occupancy of housing financed or assisted under sections
41 8-400 to 8-405, inclusive, as amended by this act;

42 (6) "Project cost" means the total of all costs incurred in the
43 development of a housing project and any related facilities, which are
44 approved by the authority and the Commissioner of Economic and
45 Community Development as reasonable and necessary, including, but

46 not limited to (A) costs of land acquisition, including any buildings
47 located thereon; (B) costs of site preparation, demolition and
48 development; (C) architectural, engineering, legal and other fees and
49 charges incurred in connection with the planning, execution and
50 financing of the project; (D) the cost of studies, surveys, plans and
51 permits required in connection with the project; (E) insurance, interest,
52 financing, tax and assessment costs and other operating costs incurred
53 during construction; (F) the cost of construction or reconstruction,
54 including the cost of fixtures and equipment related to such
55 construction or reconstruction; (G) the cost of land improvements; (H)
56 necessary expenses incurred in connection with the initial occupancy
57 of the project; (I) a reasonable profit or fee to the builder and
58 developer; (J) an allowance established by the authority for working
59 capital, replacement and contingency reserves, and reserves for any
60 anticipated operating deficits during the first two years of occupancy;
61 (K) the cost of such other items, including tenant relocation, as the
62 authority and the Commissioner of Economic and Community
63 Development shall deem to be reasonable and necessary for the
64 development of the project, less the amount of net rents and other net
65 revenues received from the operation of any real and personal
66 property located on the project site during construction;

67 (7) "Low income unit" means a unit of housing rented to a tenant
68 whose income is below the aggregate family income standards
69 established in sections 8-400 to 8-405, inclusive, as amended by this act;

70 (8) "Mortgage" means a mortgage deed or other instrument which
71 shall constitute a lien, whether first or second, on real property or on a
72 leasehold under a lease having a remaining term at the time such
73 mortgage is acquired which does not expire for a number of years
74 beyond the maturity date of the obligation secured by such mortgage
75 that is equal to the number of years remaining until the maturity date
76 of such obligation;

77 (9) "First mortgage" means such classes of first liens as are
78 commonly given to secure loans on, or the unpaid purchase price of,

79 real property under the laws of the state, together with appropriate
80 credit instruments;

81 (10) "Bonds" means any bonds, notes, interim certificates,
82 debentures or other obligations issued by the state pursuant to sections
83 8-400 to 8-405, inclusive, as amended by this act;

84 (11) "Aggregate family income" means the total family income of all
85 members of a family, from whatever source derived, including but not
86 limited to pensions, annuities, retirement benefits and social security
87 benefits, provided the authority and the Commissioner of Economic
88 and Community Development may exclude from such income, (A)
89 reasonable allowances for dependents, (B) reasonable allowances for
90 medical expenses, (C) all or any part of the earnings of gainfully
91 employed minors or family members other than the chief wage earner,
92 (D) income not regularly received and (E) such other expenses as the
93 Commissioner of Economic and Community Development may allow;

94 (12) "Tenant" means the occupant of any housing unit financed or
95 assisted under sections 8-400 to 8-405, inclusive, as amended by this
96 act;

97 (13) "Second mortgage" means any class of second liens ranking
98 immediately after a first mortgage or class of first liens on the same
99 property, without any intervening liens, as are commonly given to
100 secure loans on real property, or the unpaid purchase price of real
101 property under the laws of the state, together with appropriate credit
102 instruments to insure or guarantee repayment in the event of default
103 by the mortgagor.

104 Sec. 2. Section 8-401 of the general statutes is repealed and the
105 following is substituted in lieu thereof (*Effective July 1, 2012*):

106 Upon preliminary approval by the State Bond Commission
107 pursuant to the provisions of section 3-20, the state, acting by and
108 through the Commissioner of Economic and Community
109 Development, may enter into a contract with a developer, the

110 authority [to provide] or mortgagor of the authority for state financial
111 assistance in the form of grants-in-aid or deferred loans to housing
112 projects financed by the authority through the means of a loan secured
113 by a first mortgage. [; provided, any such financial assistance to be
114 funded with proceeds of bonds authorized by public or special acts
115 effective on or after July 1, 1995, shall be provided as set forth in this
116 section. Commencing October 1, 1995, upon preliminary approval of
117 the State Bond Commission pursuant to the provisions of section 3-20,
118 the state, acting by and through the department may provide a grant-
119 in-aid to the authority for purposes of permitting the authority to
120 extend state financial assistance to a developer or mortgagor of the
121 authority in the form of grants-in-aid or deferred loans to housing
122 projects financed by the authority through means of a loan secured by
123 a first mortgage.] Such grants or deferred loans made to a developer or
124 mortgagor of the authority under this section shall be for construction
125 or rehabilitation of developments containing rental units. The total
126 amount of such grants or deferred loans awarded to a single project
127 shall not exceed an amount equal to one-half of the cost of the project
128 divided by the number of rental units in the project multiplied by the
129 number of low-income units in the project. The total number of low-
130 income units in any project receiving financial assistance under this
131 section shall be not less than twenty per cent and [, for projects
132 receiving assistance prior to October 1, 1995, and for projects receiving
133 assistance from the proceeds of bonds authorized by public or special
134 acts effective prior to July 1, 1995,] shall not be more than forty per cent
135 of the total number of rental units in the project. No project receiving
136 financial assistance under this section shall contain less than twenty-
137 five rental units. Any grant or deferred loan awarded under this
138 section shall be used to reduce the cost of the project. Loan repayments
139 shall be paid to the State Treasurer and deposited in the General Fund.

140 Sec. 3. Section 8-402 of the general statutes is repealed and the
141 following is substituted in lieu thereof (*Effective July 1, 2012*):

142 The state, acting by and through the [Department] Commissioner of
143 Economic and Community Development, may enter into a contract

144 with the authority, developer, or mortgagor of the authority and the
145 authority may enter into a contract with a developer or mortgagor of
146 the authority to provide state financial assistance in the form of rental
147 subsidy certificates for each low-income unit in the project. Any
148 commitment to provide such subsidy shall be an obligation of the state
149 or the authority, as the case may be, for a period of not less than fifteen
150 years, and the amount of such subsidy shall be equal to the difference
151 between the amount of rent plus an allowance for heat and utilities not
152 included in the rent approved by the commissioner or the authority, as
153 the case may be, and thirty per cent of the annual aggregate family
154 income of the tenant residing in the low-income unit for each such unit
155 on an annual basis. The rent charged for a low-income unit may not be
156 increased without the approval of the commissioner or the authority,
157 as the case may be. The annual aggregate family income of a tenant for
158 the year prior to the occupancy of a low-income unit by the tenant
159 shall not exceed fifty per cent of the area median income, adjusted for
160 family size, as determined by the commissioner or the authority, as the
161 case may be. If such annual aggregate family income after occupancy
162 exceeds seventy per cent of the area median income, adjusted for
163 family size, the unit occupied by the tenant will no longer be
164 considered a low-income unit and the next available unit will be
165 rented to a tenant with an aggregate family income of less than fifty
166 per cent of the area median income, adjusted for family size. No tenant
167 residing in a project will receive financial assistance through a rental
168 subsidy certificate under this section if the aggregate family income of
169 the tenant in the prior year exceeds sixty per cent of the area median
170 income, adjusted for family size.

171 Sec. 4. Section 8-403 of the general statutes is repealed and the
172 following is substituted in lieu thereof (*Effective July 1, 2012*):

173 Upon preliminary approval by the State Bond Commission
174 pursuant to the provisions of section 3-20, the state, acting by and
175 through the [Department] Commissioner of Economic and Community
176 Development, may enter into a contract with a developer, the
177 authority [to provide] or a mortgagor of the authority for state

178 financial assistance [to a mortgagor of the authority] in the form of a
179 loan secured by a second mortgage for any housing project for which
180 the authority has provided financial assistance in the form of a loan
181 secured by a first mortgage. [; provided any such financial assistance
182 to be funded with proceeds of bonds authorized by public or special
183 acts effective on or after July 1, 1995, shall be provided as follows:
184 Commencing October 1, 1995, upon preliminary approval of the State
185 Bond Commission pursuant to the provisions of section 3-20, the state,
186 acting by and through the Department of Economic and Community
187 Development may provide a grant-in-aid to the authority, for purposes
188 of permitting the authority to extend state financial assistance to the
189 developer or mortgagor of the authority in the form of a loan secured
190 by a second mortgage for any housing project for which the authority
191 has provided financial assistance in the form of a loan secured by a
192 first mortgage.] Such loan shall be made for the purpose of providing
193 additional financing for the project. Any loan made under this section
194 shall bear interest payable quarterly on the first days of January, April,
195 July and October for the preceding calendar quarter, or at such other
196 times as are determined by the commissioner or the authority, as the
197 case may be, at a rate determined by the State Bond Commission under
198 subsection (t) of section 3-20 and shall be repayable in such
199 installments as may be determined by the commissioner or the
200 authority, as the case may be, within fifty years from the date of
201 completion of the project. Loan repayments shall be paid to the State
202 Treasurer and deposited in the General Fund.

203 Sec. 5. Section 8-404 of the general statutes is repealed and the
204 following is substituted in lieu thereof (*Effective July 1, 2012*):

205 Any contract for financial assistance awarded under sections 8-400
206 to 8-405, inclusive, as amended by this act, [which is funded with
207 proceeds of bonds of the state authorized by public or special acts
208 effective prior to July 1, 1995, or which is funded prior to October 1,
209 1995, shall, and any other contract may] shall contain the requirement
210 that the state or the authority, as the case may be, shall receive, in
211 exchange for any such assistance, a financial participation in the

212 project. Such financial participation shall be in a proportion which
213 shall not be less than the proportion that the number of low-income
214 units in the project bears to the total rental units in the project. Any
215 sale of the project, any interest in the project or any of its units shall
216 require the approval of the Commissioner of Economic and
217 Community Development or the authority, as the case may be, and
218 shall be made upon such terms and conditions as the commissioner or
219 the authority, as the case may be, may approve.

220 Sec. 6. Section 8-405 of the general statutes is repealed and the
221 following is substituted in lieu thereof (*Effective July 1, 2012*):

222 The proceeds from the sale of any bonds issued for the purposes of
223 sections 8-401, as amended by this act, and 8-403, as amended by this
224 act, issued pursuant to any authorization, allocation or approval of the
225 State Bond Commission made [prior to July 1, 1990] after July 1, 2012,
226 and of any notes issued in anticipation thereof as may be required for
227 such purposes shall be applied to the payment of the principal of any
228 such notes then outstanding and unpaid, and the remaining proceeds
229 of any such sale shall be deposited in [a fund designated as the
230 "Private Rental Investment Mortgage and Equity Fund" which fund
231 shall be used to make loans or grants authorized by sections 8-401 and
232 8-403] the Housing Repayment and Revolving Loan Fund established
233 pursuant to section 8-37qq. Payments [from the Private Rental
234 Investment Mortgage and Equity Fund] to the developer, [or] the
235 authority or the mortgagor of the authority shall be made from said
236 fund by the State Treasurer on certification of the Commissioner of
237 Economic and Community Development in accordance with the
238 contract for financial assistance between the state and the authority,
239 [or] the developer or the mortgagor of the authority. All payments of
240 state service charges for any housing project as authorized by the
241 commissioner financed from the proceeds of the state's general
242 obligation bonds issued pursuant to any authorization, allocation or
243 approval of the State Bond Commission made [prior to July 1, 1990]
244 after July 1, 2012, shall be paid to the State Treasurer for deposit in said
245 fund. Subject to the approval of the Governor, any expense incurred by

246 the state in connection with the carrying out of the provisions of this
 247 chapter, including the hiring of necessary employees and entering
 248 upon necessary contracts, may be paid from [the Private Rental
 249 Investment Mortgage and Equity Fund] said Housing Repayment and
 250 Revolving Loan Fund.

251 Sec. 7. Subsection (b) of section 8-126 of the general statutes is
 252 repealed and the following is substituted in lieu thereof (*Effective from*
 253 *passage*):

254 (b) The legislative body of any municipality may dissolve an agency
 255 authorized under subsection (a) of this section upon determination
 256 that such action would facilitate receipt and processing of federal
 257 funds and promote the purposes of this chapter. In the event a
 258 redevelopment agency to be dissolved has undertaken a project to
 259 which the state has contributed financial or other assistance, the
 260 legislative body of such municipality shall forward its decision to
 261 dissolve such agency to the Department of Economic and Community
 262 Development for the department's analysis. Upon analysis of such
 263 decision, the department shall make recommendations to approve or
 264 disapprove such decision to the joint standing committee of the
 265 General Assembly having cognizance of matters relating to commerce
 266 for its approval. Upon dissolution, the legislative body may designate
 267 or create a new redevelopment agency in accordance with the
 268 procedure set forth in said subsection (a)."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2012</i>	8-400
Sec. 2	<i>July 1, 2012</i>	8-401
Sec. 3	<i>July 1, 2012</i>	8-402
Sec. 4	<i>July 1, 2012</i>	8-403
Sec. 5	<i>July 1, 2012</i>	8-404
Sec. 6	<i>July 1, 2012</i>	8-405
Sec. 7	<i>from passage</i>	8-126(b)